

# Black economic empowerment essay sample

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After legacy of apartheid in 1994 South Africa found themselves in major Economic Inequalities. To address this a number of laws have been adopted including, Black Economic Empowerment (BEE). However, the debate is still as current today as it was back in the early days of a new South Africa in the late 1990s. This has therefore led many to question if Black Economic Empowerment have made any progress in cutting down racial inequality in South Africa?

The Gini co-efficient, an international economic measurement of inequality shows south Africa still to be one of the most unequal countries in the world. Therefore, Black Economic Empowerment was introduced as one of the major pieces of Affirmative Action legislation in 2004. The BEE's aim was to place more control of the economy in black hands and to enable blacks to access key posts in the private sector. As an example of BEE 'in action', in October 2004, STANDARD BANK chose SAKI MACOZOMA (a former political prisoner and now a leading businessman) as partners in a deal to reduce black unemployment, which at the time was at 40%.

Although some would state that this represents progress for blacks South Africans, there was also a considerable amount of criticism of BEE. This was due to Macozoma and the bank making 200 million Rand of personal asset. Critics pointed out that the money should be funded for building projects, small black businesses and farms instead of making the rich black elite richer. They said this is the only way in which south Africa is to be genuinely 'transformed'. Although many argue that there is progress being made through these partnerships for the state of unemployment, there are still critics questioning the motives of these organisations and where the money

should be going. This shows that although there showed to be immediate action to deal with the problem, the money is only lining the pockets of the rich black elite and not helping or focusing on the matter which it claimed to set out to do and may never get done.

On the other hand, BBE has produced many achievements for south Africa. For example, to achieve government contracts, firms must fill in a BEE scorecard. The is to prove they are promoting “ previously disadvantaged individuals”. The government spends R12 billion each year, benefiting black businessman and the black workforce. However, there are criticisms saying that there is white businessman that give them directorships and shares to conform to BEE regulations. This shows that although there are being steps taken to enforce BEE into the business world, there is worry that it is only enriching a small number of individuals. Is not showing a clear reduction on racial inequalities, but may do in time if this scorecard takes hold of all businesses and is done how is was intended.

Another achievement BBE has made is that in 2005 Anglo American, the mining group, appointed Lazarus Zim as its first black Chief Executive in chare of all its South African operations. This is a huge step in the business world for south Africa, finally giving black individuals high positions that they are qualified to do, showing to the the country it is not a matter of what colour there skin is to determine if they get the jobs they want. On the other hand, several high profile black empowerment businesses such as NAIL, African Bank and Community Back have collapsed. This leads many to believe that there is there are more failures the successes. Although this

example of Lazarus is a very commendable one, there just aren't enough of them to make impact yet.

Unfortunately, The BEE was receiving much criticism of its policies. Critics argued that BEE's aim to boost employment for black was resulting in businesses having to consider the race and social background the applicant instead of making decisions based on qualifications and experience. They believed this was resulting in a system in which the person's race is often the determining factor in finding employment. Moeletsi Mbeki, an analyst and entrepreneur who is a brother of the former president, Thabo Mbeki, claims that BEE had struck a "fatal blow against the emergence of black entrepreneurship by creating a small class of unproductive but wealthy black crony capitalists."

Consequently, In 2007 the government responded to the criticism by instituting a new form of economic empowerment, Broad-Based Black Economic

Empowerment (B-BBEE). B-BBEE targets social and enterprise development for a wider range of people. It also uses a scorecard which is used to measure companies empowerment progress. For areas it targets is the companies direct ownership, senior -level management, employment equity and indirect empowerment. The BBEE's scorecard received a mixed response. Undeniably, it has empowered many marginalized blacks in business. On the other hand people say it has created a culture that glorifies false notions of success.

Currently, as reported in a 2010 news feed, the state of the B-BBEE seems fragile as many have agreed that these policies have failed. Even president Jacob Zuma seems to agree. However many also argue that the B-BBEE can be defined as “ an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country’s economy, as well as significant decreases in income inequalities”.